



Request for City Council Committee Action From the Department of Human Resources

Date: December 8, 2003

To: Ways and Means/Budget Committee

Prepared by: Susan Trammell, Assistant City Attorney

Approved by _____
Pamela French
Interim HR Director

_____ John Moir, City Coordinator

Subject: Amendment of Resolution 89R-377

Presenters in Committee: Pamela French, Interim HR Director

Recommendation: That the City Council amend Resolution 89R-377, Designation the provision of Energy and Environmental Programs, passed September 1, 1989 to discontinue participation by the Center for Energy and Environment, formerly known as the Center for Energy and the Urban Environment in the City's medical, dental, basic life insurance and optional life insurance. The discontinuation of participation in the benefit plans to be effective January 1, 2005.

Financial Impact (Check those that apply)

x No financial impact or Action is within current budget.

☐ Action requires an appropriation increase to the Capital Budget
☐ Action requires an appropriation increase to the Operating Budget
☐ Action provides increased revenue for appropriation increase
☐ Action requires use of contingency or reserves
 Other financial impact (Explain):

____ Request provided to the Budget Office when provided to the
Committee Coordinator

Background/Supporting Information -

On October 14, 1988, the City Council created the Energy Office as a City Department. The October 14, 1988 action provided that the employees of the Energy Office would become City of Minneapolis employees on January 1, 1989, and be subject to the same conditions and provisions as any other City employee except that the employees (with the exception of clerical staff) would not have bumping rights. In 1989 the Legislature of the State of Minnesota enacted legislation enabling the City of Minneapolis to contract with a nonprofit corporation for the delivery of energy and environmental services. The City assisted in the establishment of the Center for Energy and Urban Environment ("CEUE"), a nonprofit organization. The CEUE incorporated August 10, 1989. On September 1, 1989, the Minneapolis City Council passed a resolution that provided, in part, that the authorized the CEUE as an independent nonprofit agency eligible to participate in the City's medical, dental, basic life insurance and optional life insurance group benefit plans. On September 22, 1989, the 21 employees of the Energy Office became employees of CEUE. Since 1989, CEUE, now known as Center for Energy and Environment, ("CEE") has participated in the City's medical, dental, basic life insurance and optional life insurance group benefit plans. Of the 21 City employees who left City employment to work for CEUE, only 4 continue to work for CEE. CEE currently has approximately 53 employees.

The CEE is not an agency or instrumentality of the City. If the City continues to allow the CEE's employees to participate in the City's benefit plans, that participation could adversely affect the status of the City's benefit plans as a "governmental plan" within the meaning of § 3(32) of Title I of ERISA. By acting now, the CEE will be on notice that they will need to take steps to procure their own insurance beginning in 2005 and that they will not be participating in the City's 2004 open enrollment process.

In addition, other nonprofits have recently sought to be included in the City's benefit plans. Because of the risk to our plan of the potentially increasing number of non-governmental employees on the City's plan, the City Attorney's office has recommended that nonprofits not be permitted to participate in the City's benefits plans.